
TOO GOOD TO BE TRUE....

A Column on Consumer Issues
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Consumer Protection and Antitrust Division

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CHAIN LETTERS

We each occasionally receive a chain letter through the mail, by fax machine, or over the Internet. It might be a chain letter to distribute recipes or some product. It may be laced with superstition, promising you a lot of bad luck if you break the chain.

A chain letter is a "get rich quick" scheme that promises that your mailbox will soon be stuffed full of cash if you decide to participate. You're told you can make thousands of dollars every month if you follow the detailed instructions in the letter. Nevertheless, virtually all chain letters are illegal.

Dave Rhodes assures you that this scam worked for him and was perfectly legal -- he made over \$400,000 after sending out a few copies of the letter. He was destitute, and had been driven to this desperate solution after being hounded by bill collectors. And as the years have passed, other people have tacked their names and success stories onto the letter, making the document a monster of testimonials of financial empowerment and pleas that the chain not be broken.

Chain letters promise easy money with just a small investment and the mailing of a few letters. Do not waste your time or money on this scam. Chain letters are against federal laws if you are required to pay money, offered a chance to win a prize, or promised a bigger return than the fee you pay. Even if they were not against the law, you still should not bother to participate; they don't work.

A typical chain letter may offer you a chance to make a lot of money by taking the top name off the list, adding your name to the bottom, and sending copies of the letter to five or ten friends who are each supposed to send you money as well as send out copies of the letter to their friends, who will also send you money.

This sounds great but there are a few problems:

1. Most people are only going to throw the letter away and not do anything. Probably 99.9%. The 5% returns they advertise are a joke. There isn't any way this is going to happen.
2. Chain letters are illegal. There is no real product or service being exchanged. Nothing people would pay \$1 for. Don't be fooled by variations with recipes because they are not legal either.

3. Since the chain letter isn't controlled by any one group, people are going to remove all the names and put on their friends and family. That way they are getting \$5 from each sucker instead of \$1.

All chain letters (without exception) are started by mailing list companies. That is why there are ads for either one or two mailing list companies at the bottom of the chain letter. They are getting free advertising because when people decide that they are going to sign up with the chain letter, they buy the cheap mailing lists from the company (or companies) that are listed on the letter.

The mathematical certainty is that, eventually, the number of participants needed to perpetuate the chain will exceed the number of potential participants. Chain letters are pre-destined to collapse in upon themselves.

Chain letters may tell you that you are now in the mail-order business, and that chain letters are a legal and helpful service. Chain letters frequently claim they have been approved by the post office or some government agency. Such claims are bogus. Anyone who participates in a chain letter violates the law.

Resist the temptation to participate in this type of fraud. If you receive a chain letter in the mail, turn it over to your local post office. If you receive a chain letter by fax or over the Internet, contact the Attorney General's Consumer Protection Division.

The Attorney General's Consumer Protection Division investigates allegations of fraud in the marketplace. Investigators also mediate individual complaints against businesses. If you have a consumer problem or question, call the Consumer Protection Division at 328-3404, toll-free at 1-800-472-2600, or 1-800-366-6888 (w/TTY). This article and other consumer information is located on our website at www.ag.state.nd.us.

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